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SALT LAKE CITY, UTAH 84111  
(801) 531-8446

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OF COUNSEL  
JAMES F. SHEPHERD

December 2, 1987

Mr. Lowell P. Braxton, Administrator  
Mineral Resource Development and Reclamation Program  
Division of Oil, Gas and Mining  
Department of Natural Resources  
State of Utah  
355 West North Temple  
3 Triad Center - Suite 350  
Salt Lake City, Utah 84180-1203

RECEIVED  
DEC 2 1987

DIVISION OF  
OIL, GAS & MINING

Re: Mining and Reclamation Plan  
M/027/008-(86)1 - Crystal Peak  
Minerals Corporation, Sevier  
Dry Lake Project, Millard  
County, Utah

Dear Lowell:

By letter of September 10, 1987 you advised that the Board of Oil, Gas and Mining had granted approval on the form and amount of reclamation surety for the Sevier Dry Lake Project. You also indicated that unless other bonding arrangements are made prior to December 15, 1987, that a termination procedure might be adopted relative to the Collateral Bonding and Indemnity Agreement.

Enclosed for your further handling are duplicate originals of form of Board Contract signed on behalf of Crystal Peak Minerals Corporation to which are attached the following data:

1. Certificate of Resolutions and Incumbency dated December 1, 1987 which identifies the persons who are officers of the corporation and authorized to bind the corporation.
2. Statement of the Treasurer of Crystal Peak Minerals Corporation dated December 1, 1987 relative to balance sheets of the corporation as of September 30, 1987 and June 30, 1987.
3. Document containing Balance Sheets for Crystal Peak Minerals Corporation for the periods ending June 30, 1987 and September 30, 1987.

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Lowell P. Braxton  
December 2, 1987  
Page two

4. Notes to Balance Sheets.

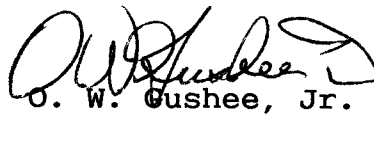
It is requested that the Board Contract be dated and signed on behalf of the Board of Oil, Gas and Mining, State of Utah, and one original copy returned to this office for my further transmittal to Crystal Peak Minerals Corporation.

The enclosed items are intended as the "other bonding arrangements" in response to your Notice of September 10, 1987, for the purpose of replacing the present Irrevocable Standby Letter of Credit bond posted to cover reclamation related to the work described in your Notice of February 23, 1987 granting tentative approval of the Amendment to the original Permit Application for the Sevier Dry Lake Project. A supplement or further amendment to the Mining Plan and Permit will be submitted shortly related to work proposed to be accomplished during calendar year 1988 at the Sevier Dry Lake Project. With the new work, the bond amount may change. In considering the process for modification for 1988 work, or other work for that matter, a revised Board Contract would be submitted with updated supporting data for the purpose of maintaining a current value bond. Also, revision of amount of the bond and the Board Contract would follow when reclamation for previous work is completed.

The Board Contract approach represents a credible arrangement for an operator that has a record with the Division of Oil, Gas and Mining as well as other agencies in complying with statutes and regulations in its operations. Crystal Peak Minerals Corporation meets that criteria and, in addition, as represented by the attached financial data, is fully capable of complying with its undertakings pursuant to the Board Contract and the Collateral Bonding and Indemnity Agreement.

Please let me know if you have any questions or comments.

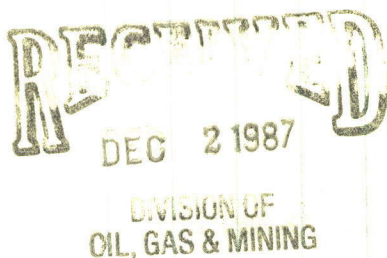
Very truly yours,

  
O. W. Gushee, Jr.

OWG:ka  
1089.05  
Enclosures

cc: William V.H. Clarke w/o encl.  
Larry Sower w/encl.  
Murray C. Godbe, III w/encl.

Exhibit "B" - SURETY AGREEMENT  
BO.



Permit Number PRO/027/008-(1)  
Expiration Date \_\_\_\_\_

STATE OF UTAH  
OF NATURAL RESOURCES  
OIL, GAS AND MINING  
1st North Temple  
Center, Suite 350  
1) 538-5340

BOARD CONTRACT  
--oo00oo--

Crystal Peak Minerals Corporation, a Utah corporation, (Operator), hereby binds itself, its successors and assigns unto the State of Utah, Board of Oil, Gas and Mining (Board), in the penal sum of Forty-two thousand nine hundred dollars (\$42,900.00) (BOND), and agrees to be held and firmly bound thereunder by the following terms and conditions:

- (1) The Board finds Operator has not been in default of or in non-compliance with Federal and State statutes and regulations pertaining to its operations in the State of Utah; and
- (2) Operator agrees that it will comply, or continue to comply, with all Federal and State statutes and regulations pertaining to its operations in the State of Utah; and
- (3) Operator asserts its net worth is not less than five (5) \_\_\_\_\_ times the amount of the BOND (as shown by the attached financial statement) and it will maintain such ratio throughout the term of the COLLATERAL BONDING AND INDEMNITY AGREEMENT to which this Board Contract is attached as Exhibit "B"; and

Exhibit "B" - SURETY AGREEMENT  
BOARD CONTRACT AGREEMENT  
Page 2

(4) The terms of this Board Contract and the conditions for release or adjustment of this BOND are as written and agreed to by the Division of Oil, Gas and Mining and the Operator in the COLLATERAL BONDING AND INDEMNITY AGREEMENT to which this Board Contract is attached as Exhibit "B".

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1987.

FOR The State of Utah  
Board of Oil, Gas and Mining:

\_\_\_\_\_  
Board Chairman

FOR The Operator: CRYSTAL PEAK MINERALS CORPORATION

By: William V. H. Clark

APPROVED AS TO FORM:

By \_\_\_\_\_  
Assistant Attorney General

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.

NOTE: Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

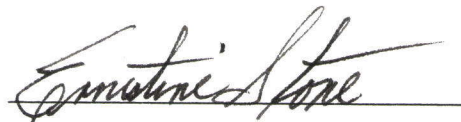
CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, the undersigned Secretary of Crystal Peak Minerals Corporation, a Utah corporation (herein called the "Corporation"), do hereby certify that the following persons at all relevant times were and are duly elected to the positions listed next to their respective names, were and are qualified to hold those positions, and were and are fully authorized and empowered to execute the instruments and to act for and bind the Corporation for the purposes stated in the Resolutions, and each of those persons now holds that position:

Cecil R. Haden	President & Chief Executive Officer
William V. H. Clarke	Senior Esecutive Vice President
Mark E. Kuebler	Executive Vice President
Gerald S. Seay	Vice President
Gary T. Barnett	Vice President & Treasurer
Ernestine Stone	Secretary
Arthur R. Meyer	Asst. Secretary & Asst. Treasurer

I am authorized to execute and deliver this certificate on behalf of Crystal Peak Minerals Corporation.

EXECUTED this 1st day of December, 1987.

  
Secretary

THE STATE OF TEXAS )  
COUNTY OF HARRIS )

BEFORE ME, the undersigned authority, on this day personally appeared ERNESTINE STONE, Secretary of Crystal Peak Minerals Corporation, a Utah corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of Crystal Peak Minerals Corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 1st day of December, 1987.

Notary Public - State Of Texas  
My Commission Expires 08-18-90  
SUSAN IRENE CARR

  
Notary Public, State of Texas





# CRYSTAL PEAK MINERALS CORPORATION

P.O. Box 3006  
Houston, Texas 77253-3006  
713/529-3755

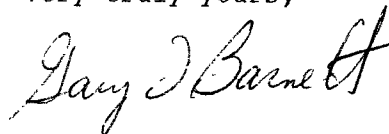
December 1, 1987

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining

We have prepared the balance sheets of Crystal Peak Minerals Corporation as of September 30, 1987 and June 30, 1987. There were no earnings because the company's projects are under development.

In the opinion of management, the aforementioned balance sheets present fairly the financial position of Crystal Peak Minerals Corporation at September 30, 1987 and June 30, 1987 in conformity with generally accepted accounting principles applied on a consistent basis.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Gary T. Barnett". The signature is fluid and cursive, with a large, stylized "H" at the end.

Gary T. Barnett  
Vice President & Treasurer

CRYSTAL PEAK MINERALS CORPORATION  
BALANCE SHEETS  
SEPTEMBER 30, and JUNE 30, 1987

ASSETS	SEPTEMBER 30	JUNE 30
CURRENT ASSETS		
CASH	\$6,576	\$1,000
PREPAID EXPENSE	\$20,141	\$13,644
	-----	-----
TOTAL CURRENT ASSETS	\$26,717	\$14,644
PROPERTY, PLANT, and EQUIPMENT	\$3,359,536	\$3,048,243
LESS DEPRECIATION	\$44,619	\$41,861
	-----	-----
	\$3,314,917	\$3,006,382
OTHER ASSETS AT COST	\$8,046	\$10,050
	-----	-----
	\$3,349,680	\$3,031,076
	=====	=====
LIABILITIES and STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$17,980	\$5,276
	-----	-----
TOTAL CURRENT LIABILITIES	\$17,980	\$5,276
STOCKHOLDER'S EQUITY		
CAPITAL STOCK	\$2,500,000	\$2,500,000
STOCK WARRANTS PAYABLE	\$831,700	\$525,800
	-----	-----
TOTAL STOCKHOLDER'S EQUITY	\$3,331,700	\$3,025,800
	-----	-----
	\$3,349,680	\$3,031,076
	=====	=====

See accompanying notes to balance sheets





**CRYSTAL PEAK MINERALS CORPORATION**  
**NOTES TO BALANCE SHEETS**

**Basis of Accounting**

The company maintains its books on the accrual method of accounting in accordance with generally accepted accounting principles.

**Depreciation and Amortization**

Property, plant and equipment is depreciated and amortized using various methods over estimated useful lives.

**Warrants Payable**

The company has agreements which provide for the construction of improvements and administrative and management services in exchange for stock. The stock to be issued in connection with these agreements is shown as warrants payable until such time as the stock is issued.

Exhibit "B" - SURETY AGREEMENT

BOARD CONTRACT

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DIVISION OF  
OIL, GAS & MINING

Permit Number PRO/027/008-(1)  
Expiration Date \_\_\_\_\_

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
355 West North Temple  
Triad Center, Suite 350  
(801) 538-5340

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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1987.

FOR The State of Utah  
Board of Oil, Gas and Mining:

\_\_\_\_\_  
Board Chairman

FOR The Operator: CRYSTAL PEAK MINERALS CORPORATION

By: William V. H. Clark

APPROVED AS TO FORM:

By \_\_\_\_\_  
Assistant Attorney General

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.

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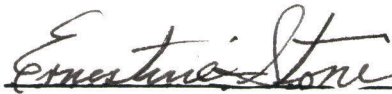
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Notary Public - State Of Texas  
My Commission Expires 08-18-90  
SUSAN IRENE CARR

  
Notary Public, State Of Texas

# CRYSTAL PEAK MINERALS CORPORATION

P.O. Box 3006  
Houston, Texas 77253-3006  
713/529-3755

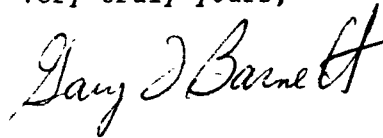
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